

The complaint

Mr L complains that PayPal UK Ltd failed to intervene when he was suffering from a gambling disorder.

What happened

Mr L had two accounts with PayPal. He says he suffered from a gambling disorder which caused compulsive behaviour. He used one of the accounts to submit false invoices to his employer. He used the other account to receive cash advances from his credit card. He says the funds were then converted into cryptocurrency and then lost on an online casino.

Mr L believes PayPal should have intervened. He's referred in particular to the Financial Conduct Authority (FCA)'s guidance on the consumer duty, fair treatment of vulnerable customers, and PayPal's anti-money-laundering obligations. He wants us to determine whether PayPal complied with its regulatory obligations, whether the harms were foreseeable, and whether his complaint has been fairly addressed in line with FCA expectations.

Our investigator looked at all of this, but didn't think the complaint should be upheld. Mr L doesn't agree. The complaint has been referred to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I don't uphold the complaint. I'll explain why.

I am not the regulator. It's not my primary role to supervise PayPal or enforce its compliance with its legal and regulatory obligations. Instead, I am required to determine complaints based on what is, in my opinion, fair and reasonable in the circumstances of the case.

Here, the crux of Mr L's complaint is that PayPal should have stopped him stealing money from his employer and laundering the proceeds. One of his accounts received money directly from his employer. His other account received money from a credit card that in turn was serviced by an account that received proceeds from the theft. Mr L accepts he was engaged in fraud and money laundering.

With this in mind, his complaint cannot succeed. It wouldn't be fair for me to award compensation given any failings arose from Mr L's own criminal conduct. And that means it's not necessary for me to reach conclusions on the wider points Mr L has raised about PayPal's legal and regulatory obligations. I say this because regardless of whether I found PayPal could have done more, I'm not going to tell them to do anything more to put things right. It won't change the outcome.

And even if I accept PayPal might have stepped in sooner, I'm not in a position to say it ought to have done so. His employer didn't report the transactions as fraudulent for some

time. The funds, meanwhile, were transferred to Mr L's personal bank accounts – PayPal wouldn't know that he was using them for gambling or he was otherwise vulnerable. And given what Mr L has said about his condition, I don't find it likely that had PayPal asked further questions he would have given a truthful explanation about what was happening – he went to some lengths to conceal the origin and destination of the funds before gambling them, and I note he gave a false explanation of the source of the funds when questioned about them by another business.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 April 2026.

Rebecca Hardman
Ombudsman